

STORAGE NAME: H1749.frc.doc
DATE: March 18, 2001

HOUSE OF REPRESENTATIVES
FISCAL RESPONSIBILITY COUNCIL
ANALYSIS

BILL #: HB 1749
RELATING TO: Florida Black Business Investment Board
SPONSOR(S): Fiscal Responsibility Council and Representative Johnson

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) FISCAL RESPONSIBILITY COUNCIL YEAS 20 NAYS 1
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I. SUMMARY:

This bill establishes the Florida Black Business Investment Board (BBIB) as a not-for-profit corporation and transfers six Executive Office of the Governor positions to the new corporation/partnership. It also deletes the Senate confirmation requirement for Board members appointed by the Governor; requires the BBIB to provide a return on investment report; and requires the BBIB to adopt an operating budget that includes private sector support in amount equal to the state's investment.

The bill allows a six full-time equivalent position reduction, through privatization, in the Executive Office of the Governor. The corresponding budget authority for these positions continues to be provided to the new corporation.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|------------------------------|
| 1. <u>Less Government</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

The Florida Black Business Investment Board (BBIB) was established by the Florida Legislature under the Small Business Assistance Act of 1985. It is created within the Governor's Office of Tourism, Trade, and Economic Development (OTTED) per Chapter 288, Florida Statutes.

The Board consists of seven members appointed by the Governor, six of whom need to be experienced in investment finance and business development, one of which must be a member of a Black Business Investment Corporation (BBIC). The Chair of the Florida Development Finance Corporation is an ex-officio member of the Board.

The BBIB was created to be a catalyst for the development of competitive Black-owned businesses in the state of Florida. Its purpose is to increase opportunities for employment, increase the number of Black-owned and operated businesses, provide role models and establish business networks in the state of Florida, achieve economic parity comparable to non-minority-owned businesses, and help Black entrepreneurs overcome limited access to technical assistance, capital, and business opportunities. Since it is created within and administered by the Governor's Office, the BBIB operates differently from the other public-private partnerships under OTTED.

While overseen by a board comprised of private sector individuals, the BBIB's staff of six are employed directly by the Governor's Office. BBIB financial transactions are managed by the Governor's office, and records of BBIB expenditures are kept by the Governor's Office. The BBIB does not own any assets, nor is it the obligor on any indebtedness.

The current structure of BBIB (split between two entities: the Governor's Office and the Board in leadership and policy direction) may limit the effectiveness of the BBIB to provide its full range of services to the maximum number of businesses. Its current structure may hinder the cooperation process between the Board, the local Black Business Investment Corporations, and other financial institutions that might be interested in partnering with the Board in order to provide better services to the Black business community.

C. EFFECT OF PROPOSED CHANGES:

The proposed changes would transform the BBIB into a public-private partnership similar to the other partnerships under the Executive Office of the Governor, Office of Tourism, Trade, and

Economic Development. It will enable the BBIB to interact more closely with the regional Black Business Investment Corporations (BBIC) and other private lending sources, in order to provide a more comprehensive approach to providing loans and technical assistance to Florida's black businesses.

As a public-private partnership, the six BBIB staff positions would be transferred from the Executive Office of the Governor to the new partnership, and the BBIB would enter into a performance-based contract with the Office of Tourism, Trade, and Economic Development (akin to that maintained with Enterprise Florida, VISIT FLORIDA, Spaceport Florida Authority, and the Florida Sports Foundation). Under this proposal, the OTTED would contract with the BBIB to receive the same amount of funding through the Governor's Office and would be accountable to accomplish the state's objectives to promote African-American business ownership. This proposal would provide flexibility and authority to the Board to utilize contracted funds to employ adequate staff, and leverage needed services to accomplish its critical goals—just as now afforded the boards of Enterprise Florida and VISIT FLORIDA.

In its new role as a public-private partnership, the BBIB will also gain a proactive influence in political, public, and private policy decisions regarding Black business development, and will be engaged in mutually beneficial, collaborative, working relationships with the BBICs, financial institutions, and other stakeholders in the arena of Black-owned business development. The BBIB will have a variety of business investments generating sustaining revenues for the organization's operation and implementation of its programs and services. The bill also deletes the Senate Confirmation requirement for Board members appointed by the Governor; requires the Board to adopt a primary goal to become self-sufficient from state funding; requires the BBIB to provide a return on investment report; and requires the BBIB to adopt an operating budget that includes private sector support in amount equal to the state's investment.

D. SECTION-BY-SECTION ANALYSIS:

See Effect of Proposed Changes.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill implements a six full-time equivalent position reduction, through privatization, in the Executive Office of the Governor. The corresponding budget authority for these positions continues to be provided to the new corporation.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority of counties or municipalities to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

An amendment adopted by the House Fiscal Responsibility Council on March 15, 2001, to the Proposed Committee Bill removed the target date for the Board to become self-sufficient from state funding by July 1, 2003. The bill maintains the requirement of the Board to set a primary goal to become self-sufficient without a specific target date.

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VII. SIGNATURES:

FISCAL RESPONSIBILITY COUNCIL:

Prepared by:

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